

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

**WAC 230-02-205 GAMBLING SERVICE SUPPLIER DEFINED.** A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;

(f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or

(g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty-five thousand dollars during any calendar year.

**WAC 230-02-300 SUBSTANTIAL INTEREST HOLDER DEFINED.** Substantial interest holder means a person who has actual or potential influence over the management or operation of any organization, association or other business entity. Evidence of substantial interest includes, but is not limited to, one or more of the following:

(1) Directly or indirectly owning, operating, managing or controlling an entity or any part of an entity; or

(2) Directly or indirectly profiting from or assuming liability for debts of the entity; or

(3) Is an officer or director of the entity; or

(4) Owning ten percent or more of any class of stock in a privately or closely held corporation, or five percent or more of any class of stock in a publicly traded corporation; or

(5) Furnishing ten percent or more of the capital, whether in cash, goods, or services, for the operation of the business during any calendar year; or

(6) Directly or indirectly receiving a salary, commission, royalties or other form of compensation from the gambling activity in which an entity is or seeks to be engaged.

**WAC 230-02-350 COMMERCIAL STIMULANT DEFINED.** "Commercial stimulant" means a licensed gambling activity operated by an established food and/or drink business with the purpose of increasing the volume of food and/or drink sales for "on-premises" consumption.

**WAC 230-02-360 LICENSED PREMISES DEFINED.** "Licensed premises" means the physical building and property, upon which the licensed gambling activity occurs, as set out on the license application and approved by the commission: Provided, That when only a portion of a building is utilized for purposes of operating a food and/or drink business or for conducting gambling or related activities, only that portion set out in the application on file with the commission, shall be considered the licensed premises.

**WAC 230-02-370 FOOD AND / OR DRINK BUSINESS DEFINED.** "Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises.

**WAC 230-02-380 ESTABLISHED BUSINESS DEFINED.** "Established business" means any business that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: Provided, That the commission may grant "established" status to a business that:

(1) Has completed all construction and is ready to conduct business;

(2) Has obtained all required licenses and permits;

(3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:

(a) Food and/or drinks for on-premises consumption;

(b) Food and/or drinks "to go"; and

(c) All other business activities.

(4) Passes an inspection by the commission.

**WAC 230-04-020 CERTIFICATION PROCEDURE – GENERAL REQUIREMENTS – MANDATORY TRAINING REQUIRED.** Applicants for license from the commission shall submit all applications, including the proper fee, as established by WAC 230-04-202, 230-04-203 or 230-04-204 to the administrative office of the

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

commission in Lacey. The application process is as follows:

(1) The application shall be made using a form provided by the commission. The application form must be completed in every respect, containing all the information and attachments requested;

(2) The application shall be signed under oath by an individual attesting that the information set forth in the application and any accompanying materials is true, accurate and complete and that they assume full responsibility for the fair and lawful operation of all licensed activities that the applicant conducts. The following person(s) shall sign the application:

(a) The highest ranking officer/official of a charitable, nonprofit or profit seeking corporation;

(b) The principal owner of a sole proprietorship;

(c) All partners of a partnership or general partner of a limited partnership; and

(d) The mayor or the mayor's designated representative if the application is being submitted by or on behalf of an incorporated city or town.

(e) The director may also require the following persons to sign the application:

(i) The chairman of the board of directors or trustees;

(ii) The person in charge of financial records; and/or

(iii) Persons with a substantial interest in the applicant business or charitable/nonprofit organization.

(3) The commission will consider only those applications that have been fully completed. Failure to respond to written notification of an incomplete application, within twenty days of such notice, shall be cause for administrative closure of the application. The following reasons will cause an application to be incomplete:

(a) Failure to provide all information requested on the application form and/or attachments;

(b) Failure to provide supplemental information requested during the licensing investigation;

(c) Failure to attend mandatory precensuring training;

(d) Failure to provide fingerprints or samples of handwriting; and

(e) Failure to submit proper fees.

(4) The commission may disclose to the public or discuss at a public meeting all information set forth in the application and all supplemental information submitted subject to the exemptions in chapter 42.17 RCW and other applicable laws including, but not limited to, chapter 10.97 RCW: Provided, That consistent with chapter 10.97 RCW, the commission may disclose conviction data of an applicant or licensee.

(5) The commission shall not issue a license until it is satisfied that the applicant is completely qualified to operate the activity for which a license is requested. Prior to issuing a license, the commission will:

(a) Conduct a review and investigation of all information available, whether submitted as a part of the application or otherwise obtained, to the degree deemed necessary to attest to the qualification of the applicant and the gambling premises; and

(b) Require all persons who sign the application, as set out in subsection (2) of this section, plus the manager or other designated person(s) responsible for conducting the gambling activity or completing records, to complete a training course as established and provided by the commission: Provided, That mandatory training shall not be required for manufacturers; manufacturers representatives; or applicants or licensees with special circumstances as approved by the director. Mandatory training shall be completed within the following time lines:

(i) New applicants - Within sixty days of application and prior to being granted a license: Provided, That cardroom employees and bingo managers must attend training no later than thirty days after the first day of work;

(ii) Annual recertification - no later than sixty days after the effective date of the license: Provided, That only those person(s), as set out in subsection (2) of this section, which are newly designated to sign the application since the last license application shall be required to attend training if they have not attended within the previous three years; and

(iii) Changes to managers or other designated persons responsible for conducting gambling activities or completing records - no later than sixty days after the first day of work.

### **WAC 230-04-022 CERTIFICATION PROCEDURE – INFORMATION REQUIRED FROM ALL APPLICANTS.**

In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

#### **Articles of incorporation and bylaws.**

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

#### **IRS tax exemption letter.**

(2) A copy of a nonprofit or charitable applicant's Internal Revenue Service tax exemption letter if one has been obtained;

#### **Lease or rental agreements.**

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

#### **Franchise agreements.**

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

#### **Management agreements.**

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

defined in WAC 230-02-205. All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

### **Paid employees or agents.**

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

### **Substantial interest holders.**

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC 230-02-300 is qualified to hold a license or participate in a licensed or authorized gambling activity;

### **Report changes to application.**

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

### **Exceptions for cities and towns.**

(9) Subsections (1), (2), and (7) of this section shall not apply to applications by or on behalf of an incorporated city or town in the state of Washington.

### **WAC 230-04-080 CERTAIN ACTIVITIES TO BE OPERATED AS A COMMERCIAL STIMULANT ONLY – LICENSING OF FOOD AND/OR DRINK BUSINESSES.**

The commission may issue a license to operate punch boards and pull-tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

(i) It is a tavern that holds a valid Tavern - No Persons Under 21 Allowed License (formerly referred to as a Class "B" liquor license); or

(ii) It is a restaurant with a cocktail lounge that holds a valid Spirits, Beer and Wine Restaurant License (formerly referred to as a Class "H" liquor license).

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: Provided, That food may be prepared at other locations and served on the premises if the food is:

(A) Prepared by the licensed business; or

(B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

(A) Detailed records are maintained;

(B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and

(C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

### **WAC 230-04-207 HOUSE-BANKED CARD GAMES – ADDITIONAL REQUIREMENTS.**

Prior to an application for a house-banked card room license being presented to the commission for approval, the applicant shall demonstrate their ability to comply with commission requirements for such games. In order to demonstrate this capability, an applicant shall provide such information as the commission staff may require and complete a preoperational review and evaluation (PORE) per WAC 230-40-801. At least the following shall be submitted as a part of their application:

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

### Internal accounting and administrative controls.

(1) A detailed description of its planned system of internal accounting and administrative controls in the standard format prescribed by commission staff. Such information shall meet all requirements set forth in WAC 230-40-815 and be presented in both a narrative and diagrammatic form;

### Physical layout.

(2) A detailed diagram of the planned physical layout of the card room and all supporting installations. Such diagram shall include at least the following:

- (a) The location of all gaming tables;
  - (b) The location of all surveillance cameras;
  - (c) The count room;
  - (d) The surveillance room; and
  - (e) The cashier's cage;
- (3) A detailed description of:
- (a) Card games to be played, including rules of play; and
  - (b) Type of gaming tables, including table layouts.

### WAC 230-04-240 SPECIAL INVESTIGATION FEE.

In addition to the basic license or permit fees, the commission may require payment of such additional license fees as are necessary to defray the costs of background investigations of applicants for whom adequate background information sources are not readily available, including, but not limited to, applicants who have not resided in the state of Washington for at least one year. The commission may require payment of the estimated additional license fee in advance as a condition precedent to beginning the investigation.

The commission shall notify the applicant as soon as possible after it makes the determination that such additional fee is necessary and shall further notify the applicant of the commission's best estimate of what such additional license fee will be: Provided, That such estimate shall not be binding upon the commission. Any applicant may then withdraw his application if he so chooses, as provided under WAC 230-04-210 and 230-04-220.

### WAC 230-08-130 ACTIVITY REPORTS BY OPERATORS OF PUNCH BOARDS AND PULL-TABS.

Each licensee for the operation of punch boards and pull-tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

- (1) Reports shall be submitted as follows:
  - (a) Commercial licensees must report on activity occurring between:
    - (i) January 1 through June 30 of each year; and
    - (ii) July 1 through December 31 of each year.
  - (b) Charitable/nonprofit licensees must report punch board/pull-tab activity in accordance with subsection (1) of this section, unless they are also licensed for Class D or above bingo.
  - (c) Class D or above bingo licensees with a punch board/pull-tab license must report punch board/pull-tab activity, on the combined quarterly report provided by the

commission, to determine compliance with WAC 230-20-059.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If a license is not renewed, a report for the period between the previous report filed and the expiration date shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the end of the period for which it is made;

(4) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or an employee, the preparer shall print his/her name and phone number on the report;

(5) The report shall be completed in accordance with the related instructions furnished with the report.

### WAC 230-08-160 ACTIVITY REPORTS BY OPERATORS OF SOCIAL AND PUBLIC CARD ROOMS.

Each licensee for the operation of social or public card rooms shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below: Provided, That persons licensed under Class "D" - general, no fee charged, are exempt from all portions of this section:

(1) Licensees must report on activity occurring between:

- (a) January 1 through June 30 of each year; and
- (b) July 1 through December 31 of each year.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If a license is not renewed, a report for the period between the previous report filed and the expiration date shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the end of the period for which it is made;

(4) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or an employee, the preparer shall print his/her name and phone number on the report;

(5) The report shall be completed in accordance with the related instructions furnished with the report.

### WAC 230-12-305 LICENSEE REQUIRED TO SUBMIT UPDATED DOCUMENTS OR INFORMATION.

In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

(3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and

(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

### **Submission timeline.**

(5) The new or updated documents and/or information shall be submitted to the commission no later than sixty days following the transaction(s) date.

### **WAC 230-12-310 LICENSEES TO REPORT TO THE COMMISSION CIVIL, CRIMINAL AND ADMINISTRATIVE ACTIONS FILED AGAINST THEM.**

(1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be received by the commission within thirty days after the final disposition.

(2) Each licensee shall report to the commission within thirty days, all civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. The final disposition of the case must be received by the commission within thirty days of the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.

**WAC 230-30-025 PROGRESSIVE JACKPOT PULL-TAB SERIES – DEFINITIONS – RESTRICTIONS -- OPERATING PROCEDURES.** For purposes of this title, the following definitions, restrictions, operating procedures, and recordkeeping requirements apply to progressive jackpot pull-tab series:

### **Definitions.**

(1) The following definitions apply to this section:

(a) "Progressive jackpot" means a prize awarded to the player who presents a pull-tab designated as the winning progressive jackpot pull-tab. The progressive jackpot is comprised of the starting jackpot prize and the

accrued jackpot prize for that specific series, plus any accrued jackpot prize carried over from previous series;

(b) "Jackpot accrual rate" means the rate at which a progressive jackpot increases for each pull-tab sold. The rate may be expressed as a percentage of gross gambling receipts or as a dollar value based on the price of a single pull-tab;

(c) "Starting jackpot prize" means the base or minimum amount of a progressive jackpot for each series prior to any additions that are based on the jackpot accrual rate;

(d) "Accrued jackpot prize" means the dollar value of all additions to a progressive jackpot that relate to the number of pull-tabs sold prior to the progressive jackpot being won or the series being removed from play;

(e) "Instant winners" means all prizes that are available from a progressive jackpot pull-tab series, excluding the progressive jackpot;

(f) "Bank system" means a group of pull-tab dispensing devices that are connected by an electronic computer network. This computer network determines the total gross gambling receipts received by all the devices in the network and calculates the level of a progressive jackpot associated with a pull-tab series being played in the networked devices.

### **Dispensing devices.**

(2) Progressive jackpot pull-tab dispensing devices may be operated under the following conditions:

(a) All machines in a bank system must be located in the same physical proximity on the license premises, so that players can observe all remaining pull-tabs in a series;

(b) Each bank system must be linked to a computer system which records all sales and the accumulation of the progressive jackpot;

(c) A licensee may have more than one bank system operating at one time, but at no time shall a bank system exceed ten machines;

### **Operating requirements.**

(3) Progressive jackpot pull-tab series shall be conducted in the same manner as other pull-tab series. In addition, the following requirements apply:

(a) An owner or licensed commercial or charitable or non-profit gambling manager shall be on the premises at all times during the operation of progressive jackpot pull-tab series;

(b) Pull-tabs shall be stored in secured locations with access limited to owners and licensed individuals only;

(c) The licensee shall have sufficient funds available to pay all prizes upon redemption of winning tabs. Failure to have sufficient funds available shall be *prima facie* evidence of defrauding the public in violation of RCW 9.46.190;

(d) The current progressive jackpot total must be clearly displayed near the bank of machines at all times during the sale of progressive pull-tabs;

(e) One flare shall be prominently displayed near the bank of machines;

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

(f) The following are prohibited for use with progressive jackpot pull-tab series:

- (i) Substitute flares;
- (ii) Merchandise prizes;
- (iii) Last sale prizes;

(g) The operator must disclose the operating procedures regarding playing out a series or carrying over accrued prizes, as set forth in (4)(e) below; and

(h) After the retention period, unsold tabs shall be destroyed in such a manner that unopened winning tabs may not be found and used later.

### **Operating conditions governing prizes.**

(4) The following conditions apply to prizes for progressive jackpot pull-tab series:

(a) The instant winners shall be equal to or greater than forty percent of total gross gambling receipts available from the series;

(b) The starting jackpot must be at least equal to the value of the highest level instant winner;

(c) The minimum jackpot accrual rate shall be set at a level that will generate an accrued jackpot prize which, when added to the starting jackpot prize and instant winners, will equal or exceed sixty percent of the total gross gambling receipts available from the series;

(d) The manufacturer shall determine the starting jackpot prize and corresponding jackpot accrual rate needed to meet the sixty percent payout requirement in (4)(a) and (b) above. This information shall be packaged with each series;

(e) For each progressive individual pull-tab series, the maximum contribution to a progressive jackpot shall be five thousand dollars. This contribution amount shall specifically exclude any portion carried over from a previous series;

(f) Operators shall not remove a progressive jackpot pull-tab series from play prior to the progressive jackpot being won: Provided, That operators may elect to remove a series from play only under the following conditions:

(i) The series is removed only prior to the beginning or at the end of any business day;

(ii) The accrued jackpot prize from the series and any previously carried over accrued jackpot prize shall be carried over to a new series within twenty-four hours;

(iii) The accrued jackpot prize shall be added to the starting jackpot amount from the new series when it is placed out for play; and

(iv) The starting jackpot of the subsequent series must be equal to or greater than the starting jackpot amount of the previous series.

### **Redeeming winning tabs.**

(5) Winning tabs shall be redeemed in the same manner as required by WAC 230-30-070. The following requirements also apply:

(a) For jackpot prizes six hundred dollars and over, the winner's full name, address, and social security number shall be recorded on a separate form for purposes of compliance with federal tax provisions;

(b) At least the starting jackpot portion of the progressive jackpot shall be paid by check. The licensee shall record the check number in addition to the information required in WAC 230-30-070(5). These checks may not be cashed on the licensed premises; and

(c) All jackpot winning tabs must be defaced immediately upon receipt instead of within twenty-four hours.

### **Recordkeeping.**

(6) The following recordkeeping requirements apply to progressive jackpot pull-tab series:

(a) All recordkeeping requirements outlined in WAC 230-08-010 must be followed. Licensees shall record progressive jackpot series on a separate monthly record, in a format prescribed by the commission. The following additional information must be recorded for each series:

(i) The starting jackpot amount;

(ii) The jackpot accrual rate;

(iii) The number of pull-tabs sold out of each dispensing device;

(iv) If the progressive jackpot was awarded, the progressive jackpot amount;

(v) If the series was removed from play prior to the jackpot being won, the ending progressive jackpot amount;

(vi) All regular prizes awarded, excluding the progressive jackpot; and

(vii) Prizes paid by check;

(b) In addition to the retention requirements in WAC 230-30-072, progressive jackpot winning tabs and winner information, along with the flares, must be retained for one year from the date in which the series was removed from play.

### **Approval process for progressive pull-tab systems.**

(7) The director shall approve all progressive jackpot pull-tab series, progressive jackpot dispensing devices, and computer software used to link dispensing devices, accrue jackpot prizes, and store data used in preparing records. Procedures for approval are as follows:

(a) Any costs related to this approval shall be billed to the persons requesting approval;

(b) The following progressive jackpot pull-tab series requirements shall be approved prior to sale in Washington:

(i) The process used to manufacture the progressive jackpot series; and

(ii) The secondary win code system; and

(c) Computer software requiring the approval of the director shall be subject to the following standards;

(i) For each game, no person other than the maker of the software shall be able to alter data once it is input into the system; and

(ii) A record of transactions for a game must be retained in memory until the transactions have been totaled, printed, and cleared by the operator regardless of whether the unit's primary power source is interrupted.

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

### **WAC 230-30-225 EXCEPTION TO PROHIBITION OF HOLDING AN INTEREST IN SEPARATE PUNCH BOARD OR PULL-TAB BUSINESSES AT DIFFERENT MARKETING LEVELS.**

(1) Except as otherwise provided in WAC 230-30-220, the spouse of an individual who is a holder of a substantial interest in a business involved in punch boards or pull-tabs may not be considered a substantial interest holder in such business if, after considering the entire circumstances surrounding the relationship and business, the director finds the potential for involvement or influence in the business by the spouse is not material. A spouse may be required to submit one or more of the following documents to the director for determining whether involvement or influence is material:

- (a) Community or marital property agreements;
  - (b) Separate property agreements;
  - (c) Prenuptial agreements; or
  - (d) Wills and codicils.
- (2) When spouses are involved in both the operation of and/or the supply of punch boards and pull-tabs, the director may impose additional requirements on either licensee, including, but not limited to, prohibiting a manufacturer or distributor from making sales or providing services to an operator.

### **WAC 230-40-600 AUTHORIZATION PROCEDURES FOR PLAYER-SUPPORTED JACKPOTS.**

Player-supported jackpots (PSJs) shall be tightly controlled and shall not be operated prior to approval by the director or the director's designee. The following procedures apply to approval of PSJs:

- (1) The request shall be in writing and include at least the following:
- (a) A detailed description of the game;
  - (b) All internal control procedures associated with controlling the game and accounting for fees and prizes;
  - (c) All rules of play; and
  - (d) The name of the prize fund custodian.
- (2) Any changes to the approved game or applicable internal controls must be forwarded to the commission staff for review and approval prior to implementation.

### **WAC 230-40-615 NONHOUSE-BANKED CARD GAMES – ADMINISTRATIVE AND ACCOUNTING CONTROL STRUCTURE – ORGANIZATION.**

Licensees conducting activities that require a Class F license shall assure that such activities are closely controlled. Class F licensees shall comply with the following additional requirements:

- (1) Establish a system of internal administrative and accounting controls that requires, at a minimum, the following:
- (a) Trained personnel;
  - (b) Segregation of duties for all employees involved in the operation;
  - (c) Fee collection and funds safeguarding procedures;
  - (d) Playing card and chip inventory; and
  - (e) Security and supervision requirements.

(2) The licensee shall have adequate licensed employees to assure commission requirements are met. At a minimum, the following employees are required:

(a) At least one supervisor for every five tables shall be required: Provided, That a single supervisor may supervise up to seven tables, if only seven tables are in operation and the layout was preapproved by commission staff;

(b) A licensee which utilizes two separate areas of a particular gaming establishment shall require at least one supervisor in each area; and

(c) The licensee must have at least two licensed card room employees in the card room at all times player-supported jackpot schemes are in play and/or alternative methods of collection are being utilized. One such employee must be a floor supervisor.

### **WAC 230-40-815 ADMINISTRATIVE AND ACCOUNTING CONTROL STRUCTURE – ORGANIZATION – HOUSE-BANKING.**

Each licensee operating a house-banked card game shall ensure that all games are closely controlled, operated fairly and in accordance with all rules of the commission. The following control procedures and conditions shall be met:

#### **Internal controls.**

(1) The licensee shall have a system of internal controls that include at least the following:

(a) Administrative controls, which include, but are not limited to, the organization's plan, procedures, and records concerned with decision processes leading to management's authorization of transactions; and

(b) Accounting controls which include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. These controls must be designed to provide reasonable assurance that:

(i) Transactions are executed in accordance with management's general and specific authorization;

(ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, and to maintain accountability for assets;

(iii) Access to assets is permitted only in accordance with management's authorization; and

(iv) The recorded accountability for assets is compared with existing assets at least annually and appropriate action is taken within five working days with respect to any differences.

#### **Administrative controls.**

(2) The licensee's system of administrative controls shall provide for the following:

(a) Competent personnel with an understanding of prescribed procedures;

(b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties; and

(c) Each employee of a house-banked card room shall be licensed by the commission and shall be

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

knowledgeable in all accounting and internal control practices and procedures relevant to each employee's individual function.

### **Separate departments and functions.**

(3) The licensee shall, at a minimum, establish the following departments or functions that shall be independent from all other departments or functions:

#### *Surveillance.*

(a) A surveillance department which shall not include security functions or personnel. The head of surveillance shall be responsible for, but not limited to, the following:

(i) The clandestine surveillance of the operation and conduct of the table games;

(ii) The clandestine surveillance of the operation of the cashier's cage;

(iii) The video and audio recording of activities in the count rooms;

(iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;

(v) The video recording of unusual or suspected illegal activities;

(vi) The notification of appropriate supervisors and commission staff, within three working days, upon the detection of cheating, theft, embezzlement, or other illegal activities;

(vii) Ensuring that each dealer is evaluated to determine if all required dealer procedures and techniques set forth in the licensee's approved internal controls are followed; and

(viii) Ensuring all surveillance employees have a demonstrated knowledge of the following:

(A) Operating surveillance systems;

(B) Rules of play and procedures for the games being played; and

(C) The overall procedures relating to the duties of all employees of the house-banked card room being monitored (dealers, shift managers, floor supervisors, cage cashier's and count team members).

#### *Security.*

(b) A security department, supervised by a security department manager, is responsible for at least the following:

(i) Control of cards and dealing shoes, including storage of new and used cards and shoes, and control of the disposition and/or destruction of same when removed from service; and

(ii) Transfer of cash and chips to and from the gaming tables, cage and count room.

#### *Gaming operations.*

(c) A gaming operation department supervised by a gaming operation department manager who shall be responsible for the operation of all house-banked card games conducted by ensuring the following:

(i) Card games are operated by licensed dealers who are assigned to each gaming table;

(ii) A floor supervisor is assigned the responsibility for the overall supervision of the conduct of gaming within

a pit and can supervise no more than seven tables as long as the floor plan was approved by commission staff in the Internal Controls;

(iii) A licensee which utilizes two separate areas of a gaming establishment shall require at least one supervisor in each area; and

(iv) A shift manager, who reports to the gaming operation department manager, is assigned to supervise floor supervisors and all gaming related activities that occur during each shift. In the absence of the gaming operation department manager, the shift manager shall have the authority of a gaming operation department manager. Provided, That in addition to the floor supervisors required in this subsection, licensees operating more than ten tables shall be required to have a shift manager on the premises.

#### *Accounting.*

(d) An accounting department supervised by an individual who shall report directly to the chief executive officer or chief operations officer. The responsibilities of the accounting department shall include, but not be limited to, the following:

(i) Implementing and monitoring of accounting controls;

(ii) The preparation, control, and storage of records and data required;

(iii) The control of unused forms inventory along with reconciliation of forms used; and

(iv) The control and supervision of the cashier's cage.

### **Modifications.**

(4) Any changes to the licensee's system of internal controls must be submitted to commission staff and be approved prior to implementation.

### **Employees shall be informed of internal controls.**

(5) All licensed operators shall inform their card room employees of the internal controls related to their respective area of responsibility. Furthermore, both the operator and all card room employees shall follow these internal controls at all times.

**WAC 230-40-825 CLOSED CIRCUIT TELEVISION SYSTEM – HOUSE-BANKING.** Critical activities related to the operation of house-banked card games shall be closely monitored by the use of a closed circuit television (CCTV) system and recorded using analog and/or digital recording equipment. Each house-banked card room licensee shall install and maintain a CCTV system that meets the following requirements.

#### **Camera coverage.**

(1) The following areas are required to be viewed by the CCTV system:

(a) All gaming at each table including, but not limited to, the following:

(i) Cards;

(ii) Wagers;

(iii) Chip tray;

(iv) Drop box openings;



## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

- (v) Card shoe;
- (vi) Shuffling devices; and
- (vii) Players and dealers.
- (b) All activity in the pits.
- (c) All activity in the cashier's cage including, but not limited to, the:
  - (i) Outside entrance;
  - (ii) Fill/credit dispenser;
  - (iii) Customer transactions;
  - (iv) Cash and chip drawers;
  - (v) Vault/safe;
  - (vi) Storage cabinets;
  - (vii) Fill or credit transactions; and
  - (viii) Floor.
- (d) All activity in the count room including, but not limited to, the:
  - (i) Count table;
  - (ii) Floor;
  - (iii) Counting devices;
  - (iv) Trolley;
  - (v) Drop boxes;
  - (vi) Storage shelves/cabinets; and
  - (vii) Entrance and exits.
- (e) The movement of cash, gaming chips, and drop boxes.
- (f) Entrances and exits to the card room.

### Camera requirements.

(2) The CCTV system shall consist of light sensitive cameras including those with pan, tilt, and zoom (PTZ) capabilities having the ability to determine card and chip values and the configuration of wagers at each gaming table. Each video camera shall be capable of having its images displayed on a video monitor and recorded. Cameras shall be installed in a manner that will prevent them from being readily obstructed, tampered with, or disabled by patrons or employees. PTZ cameras shall be placed behind a smoked dome, one-way mirror or similar materials that conceal the camera from view. Installed cameras shall cover the areas required by this rule and shall include at a minimum:

- (a) At least one fixed camera focused over each gaming table covering the entire layout;
- (b) A sufficient number of fixed and/or PTZ cameras permanently programmed for the purposes of monitoring players and dealers at each gaming table. The PTZ cameras must be capable of viewing each patron and dealer at each gaming position at least once every five minutes;
- (c) A sufficient number of PTZ cameras for the purpose of determining the configuration of wagers and card values at each gaming table. Any time a winning wager, including jackpot or bonus payouts in excess of one thousand dollars are won, surveillance shall utilize this camera to verify the winning hand, the amount of the wager, and the player who won the prize. Each licensee shall have documented procedures in their internal controls stipulating the manner in which this will be carried out;
- (d) A sufficient number of fixed and/or PTZ cameras in the cage(s);

- (e) A sufficient number of fixed and/or PTZ cameras in the count room; and
- (f) Any other location as deemed necessary by commission staff.

### Video recording equipment requirements.

(3) Video recording equipment shall meet the following requirements:

(a) **Analog recording**, including audio recording where required, using a video cassette recorder, shall comply with the following requirements:

(i) Images shall be recorded at a rate of not less than twenty frames per second on standard VHS format; and

(ii) Recorded images shall accurately reflect the time and date of the video recording. If multiple time and date generators are used, they shall be synchronized to the same time and date; or

(b) **Digital recording**, including audio recording where required, using a digital storage system, shall comply with the following requirements:

(i) All images shall be recorded on a hard drive;

(ii) Recording systems shall be locked so that access to the erase and reformat functions, and system data files is restricted to persons authorized in the internal controls;

(iii) The system must provide uninterrupted recording of surveillance, during playback or copying: Provided, That motion-activated recording may be used;

(iv) Recording systems shall be capable of copying original images maintaining the original native format;

(v) Images shall be stored at a rate of not less than twenty-five images per second;

(vi) Images shall be recorded at a minimum resolution of 320 x 240 and displayed during playback at a minimum resolution of 640 x 480;

(vii) Images shall be stored in a format that is readable by commission computer equipment;

(viii) Images shall be stored in a format that can be verified and authenticated by commission staff;

(ix) Recorded images shall include the accurate time and date the video was originally recorded;

(x) Previously recorded material may be overwritten after seven continuous days of gaming; and

(xi) Recording systems shall be equipped with an uninterruptible power source to allow a proper system shutdown.

### Multiplexing and quad recording devices.

(4) Multiplexing and quad recording devices may not be used for required surveillance except under the following circumstances:

(a) Multiplexing or quad recording devices may be used on entrances and exits; and

(b) Quad recording devices may be used to record the movement of drop boxes between tables and the count room.

### Multiplexing and quad recording devices defined.

(c) **Multiplex recording** means combining multiple video inputs into a single signal by quickly cycling through the separate video inputs (i.e., the view rotates among

## CONDENSED LICENSING RULES COMMERCIAL STIMULANT BUSINESS

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different cameras) in a predetermined order, recording each video input sequentially in the cycle. Multiplex recording does not provide continuous recording of each video input and the amount of time lapse is dependant upon the number of video inputs in the sequence.

(d) **Quad recording** means four separate video inputs are continuously recorded and combined into a single signal displayed on one monitor with a view of each video input.

### **Recording of illegal or suspicious activities.**

(5) Illegal or suspicious activities within the monitored portion of the licensed premises shall be reported to commission staff, pursuant to WAC 230-40-815 (3)(a)(v) through (vi). Additionally, licensees shall ensure two copies of the entire recorded image sequence are made reflecting the questioned activity. One copy shall be provided to commission staff or other law enforcement representatives upon demand and the other copy maintained by the licensee for a period of thirty days.

### **Activities to be recorded.**

(6) Video signals from all cameras shall be recorded when:

- (a) Gaming tables are in operation;
- (b) Drop boxes or chip trays are stored on the gaming tables;
- (c) Drop boxes are being transported; or
- (d) Drop box contents are being counted.

### **Video monitors.**

(7) The CCTV system shall include a sufficient number of video monitors to simultaneously view multiple gaming tables, the cashier's cage, and count room activities.

### **Surveillance room.**

(8) The licensee shall maintain one or more surveillance rooms with the following minimum requirements:

(a) The surveillance room shall have controlled access and be used solely by the employees of the surveillance department assigned to monitor activities: Provided, That this restriction does not apply to owners or approved supervisory or management personnel.

(b) Commission agents and law enforcement personnel shall be provided immediate access to the surveillance room upon request.

(c) Entrances to surveillance rooms shall not be readily observable from the gaming operation area.

(d) The licensee shall ensure a surveillance employee is present in the surveillance room and monitoring the activities of the operation, via the surveillance room equipment, any time the card room is open to conduct gaming and during the count process: Provided, That the licensee may allow the surveillance room to operate without staff for a period not to exceed thirty minutes per shift for the purpose of routine breaks.

### **Surveillance activity log.**

(9) The licensee shall maintain a record of all surveillance activities in the surveillance room. A surveillance log shall be maintained by surveillance personnel and shall include, at a minimum, the following:

- (a) Date and time of surveillance;
- (b) Person initiating surveillance;
- (c) Time of termination of surveillance;
- (d) Summary of the results of the surveillance; and
- (e) A record of any equipment or camera malfunctions.

### **Employee sign-in log.**

(10) A surveillance room sign-in log shall be maintained to document the time each surveillance employee monitors the card room. The surveillance sign-in log shall be available for inspection at any time by commission staff or law enforcement personnel.

### **Labeling and storing video and audio recordings.**

(11) Video and audio recordings shall be marked to denote the activity recorded and retained for a period necessary to afford commission staff or law enforcement personnel reasonable access. The following minimum retention periods apply to recordings:

- (a) Recordings shall be retained for a minimum of seven complete gaming days;
- (b) Recordings of evidentiary value shall be maintained as requested by commission staff; and
- (c) Tapes documenting jackpot payouts over three thousand dollars shall be retained for at least thirty days; and
- (d) Commission staff may increase any of the retention requirements noted in this section by notifying the licensee.

### **Dispute resolution.**

(12) In the event there is not sufficient clarity due to violations of the above requirements, the burden will be on the licensee to prove any action taken was warranted. Otherwise, all disputes shall be resolved in favor of the player: Provided, That a review by commission staff may be requested if the licensee feels circumstances warrant, for example, cheating has occurred.

### **RCW 42.17.330 COURT PROTECTION OF PUBLIC RECORDS.**

The examination of any specific public record may be enjoined if, upon motion and affidavit by an agency or its representative or a person who is named in the record or to whom the record specifically pertains, the superior court for the county in which the movant resides or in which the record is maintained, finds that such examination would clearly not be in the public interest and would substantially and irreparably damage any person, or would substantially and irreparably damage vital governmental functions. An agency has the option of notifying persons named in the record or to whom a record specifically pertains, that release of a record has been requested. However, this option does not exist where the agency is required by law to provide such notice.